



**COUNTY OF SAN LUIS OBISPO  
DEPARTMENT OF PLANNING AND BUILDING  
STAFF REPORT**

*Promoting the wise use of land  
Helping build great communities*

**PLANNING COMMISSION**

<b>MEETING DATE</b> October 13, 2016	<b>CONTACT/PHONE</b> Airlin M. Singewald, Senior Planner (805) 781-5198 <a href="mailto:asingewald@co.slo.ca.us">asingewald@co.slo.ca.us</a>	<b>APPLICANT</b> County of San Luis Obispo	<b>FILE NO.</b> LRP2015-00017
<b>SUBJECT</b> Hearing to consider a request by the <b>COUNTY OF SAN LUIS OBISPO</b> to amend the County Land Use Ordinance, Title 22 of the County Code, to incorporate land use regulations for Residential Vacation Rentals in the Adelaida/Willow Creek area. The requested modifications include: 1) an amendment to add new Section 22.30.510 – Residential Vacation Rentals; 2) an amendment to Section 22.06.030 – Table 2-2 to add Residential Vacation Rentals as an allowable use in specified land use categories, and 3) an amendment to Chapter 22.80 – Definitions to add a land use definition for Residential Vacation Rentals. The requested land use regulations include but are not limited to: location requirements, prohibiting temporary events unless required permits are obtained, limiting overnight occupancy and daytime visitors, on-site parking requirements, noise limits, and neighborhood notification requirements. With the exception of the location requirement, the requested amendments would apply to existing vacation rentals. The Adelaida/Willow Creek area is defined in the draft ordinance and includes approximately 71,460 acres of agricultural and rural residential land located west of Paso Robles and north of Highway 46 in the Adelaida Sub-area of the North County planning area.			
<b>RECOMMENDED ACTION</b> Recommend that the Board of Supervisors approve Land Use Ordinance Amendment LRP2015-00017 based on the findings in Exhibit A.			
<b>ENVIRONMENTAL DETERMINATION</b> This project is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. It can be seen with certainty that there is no possibility that this project may have a significant effect on the environment; therefore, the activity is not subject to CEQA. [Reference: State CEQA Guidelines sec. 15061(b)(3), General Rule Exemption]			
<b>LAND USE CATEGORY</b> Various	<b>COMBINING DESIGNATION</b> Various	<b>ASSESSOR PARCEL NUMBER</b> Various	<b>SUPERVISOR DISTRICT(S)</b> All
<b>PLANNING AREA STANDARDS:</b> Not Applicable			
<b>EXISTING USES:</b> Single family dwellings			
<b>SURROUNDING LAND USE CATEGORIES AND USES:</b> Not Applicable			
<b>OTHER AGENCY / ADVISORY GROUP INVOLVEMENT:</b> The project was referred to the Templeton Area Advisory Group, Cal Fire, Department of Public Works, Agricultural Commissioner, Agricultural Preserve Review Committee, San Luis Obispo County Farm Bureau, City of Paso Robles, HEAL – SLO Health Communities Work Group, Paso Robles Wine Country Alliance, the San Luis Obispo Chamber of Commerce, and various other interested parties.			
<b>TOPOGRAPHY:</b> Various		<b>VEGETATION:</b> Various	
<b>PROPOSED SERVICES:</b> Most properties that are subject to the proposed regulations have individual wells and septic systems		<b>AUTHORIZED FOR PROCESSING DATE:</b> July 12, 2016	

## **DISCUSSION**

### **Background**

#### Adelaida Vacation Rental Ordinance

On July 12, 2016, the Board of Supervisors directed staff to prepare a vacation rental ordinance for the Adelaida/Willow Creek area. This area of the county has a concentration of wineries, bed and breakfast inns, event venues, and vacation rentals. With the exception of vacation rentals, all of these tourism-related land uses are subject to ordinance provisions that minimize land use conflicts and protect public safety. Some landowners have taken advantage of this regulatory gap by calling their event venues a “vacation rental” to circumvent land use standards and permitting procedures that would normally apply. While this is a growing trend throughout the unincorporated county, it is particularly concerning in the Adelaida/Willow Creek where numerous tourism-related businesses are concentrated in an area with limited infrastructure, narrow roadways, challenged fire service, and steep topography that magnifies light and noise issues.

Code Enforcement receives regular complaints from Adelaida/Willow Creek residents who experience the impacts (e.g. traffic, noise, fire safety) of wedding and event venues operating as residential vacation rentals. While these complaints often cite legitimate health and safety concerns, due to the lack of land use regulations for vacation rentals, Code Enforcement has limited authority to address these concerns. By establishing rules for vacation rentals in the Adelaida/Willow Creek area, the proposed ordinance would allow the County to address health, safety, and neighborhood compatibility impacts associated with residential vacation rentals in this rural part of the county.

The proposed ordinance would prohibit vacation rentals in the Adelaida/Willow Creek area from holding temporary events unless they obtain the required land use permits and would establish new development standards for vacation rentals to address land use compatibility issues such as noise, street parking, density, occupancy, and impacts to agriculture. The proposed ordinance would also require vacation rental owners to send 24 hour local contact information to all neighbors within a 1,500 foot radius so neighbors can attempt to resolve issues directly with the property manager before filing complaints with the County.

#### Inland Vacation Rental Ordinance

Prior to authorizing the Adelaida Vacation Rental Ordinance, the Board of Supervisors directed staff to prepare a vacation rental ordinance for the entire inland area of the county. In January 2016, staff released a public review draft of the Inland Vacation Rental Ordinance and met with numerous stakeholders and community groups to discuss the proposed ordinance.

Staff presented the Inland Vacation Rental Ordinance to the following groups:

- Santa Margarita Area Advisory Council
- San Luis Obispo Chamber of Commerce
- San Luis Obispo County Farm Bureau
- District 1 Community Meeting
- Templeton Area Advisory Group
- Visit San Luis Obispo
- Agricultural Preserve Review Committee

- Agricultural Liaison Advisory Board
- Paso Wine Country Alliance
- South County Advisory Council
- Adelaida Neighborhood Meeting

During the public review period, staff received numerous responses from wedding and event-related business owners who were concerned about the economic effects of the ordinance. In response to these concerns, the Board directed staff to conduct more stakeholder outreach on the Inland Vacation Rental Ordinance and to focus on areas where vacation rental have generated the most controversy and neighborhood complaints. Based on this direction, staff temporarily put the Inland Vacation Rental Ordinance on hold, while focusing on the proposed Adelaida Vacation Rental Ordinance.

There are currently no upcoming hearings or meetings set for the Inland Vacation Rental Ordinance.

#### Existing Vacation Rental Regulations

In the inland area, vacation rentals are not currently a regulated land use, but they are required to obtain a business license and transient occupancy tax certificate from the County Tax Collector. The Department of Planning and Building, which is responsible for reviewing all business license requests for compliance with applicable land use regulations, currently approves vacation rentals in the inland area by issuing a Zoning Clearance.

Both the Inland and Adelaida Vacation Rental Ordinances are modeled after the County's existing vacation rental regulations in the Coastal Zone. Coastal Zone Land Use Ordinance Section 23.08.165 (Residential Vacation Rentals) establishes development standards for vacation rentals in the communities of Avila Beach, Cambria, and Cayucos. Similar to the proposed inland ordinances, this section establishes a distance limitation for vacation rentals in each of the three communities as well as parking, occupancy, and noise standards. The Coastal ordinance also contains the same neighborhood notification and complaint procedures incorporated into the proposed Inland and Adelaida Vacation Rental Ordinances.

Vacation rentals in Avila Beach, Cambria, and Cayucos that meet the applicable location requirements receive "over the counter" Zoning Clearance approval. All other vacation rentals in the Coastal Zone require Minor Use Permit approval.

#### **Adelaida/Willow Creek Area**

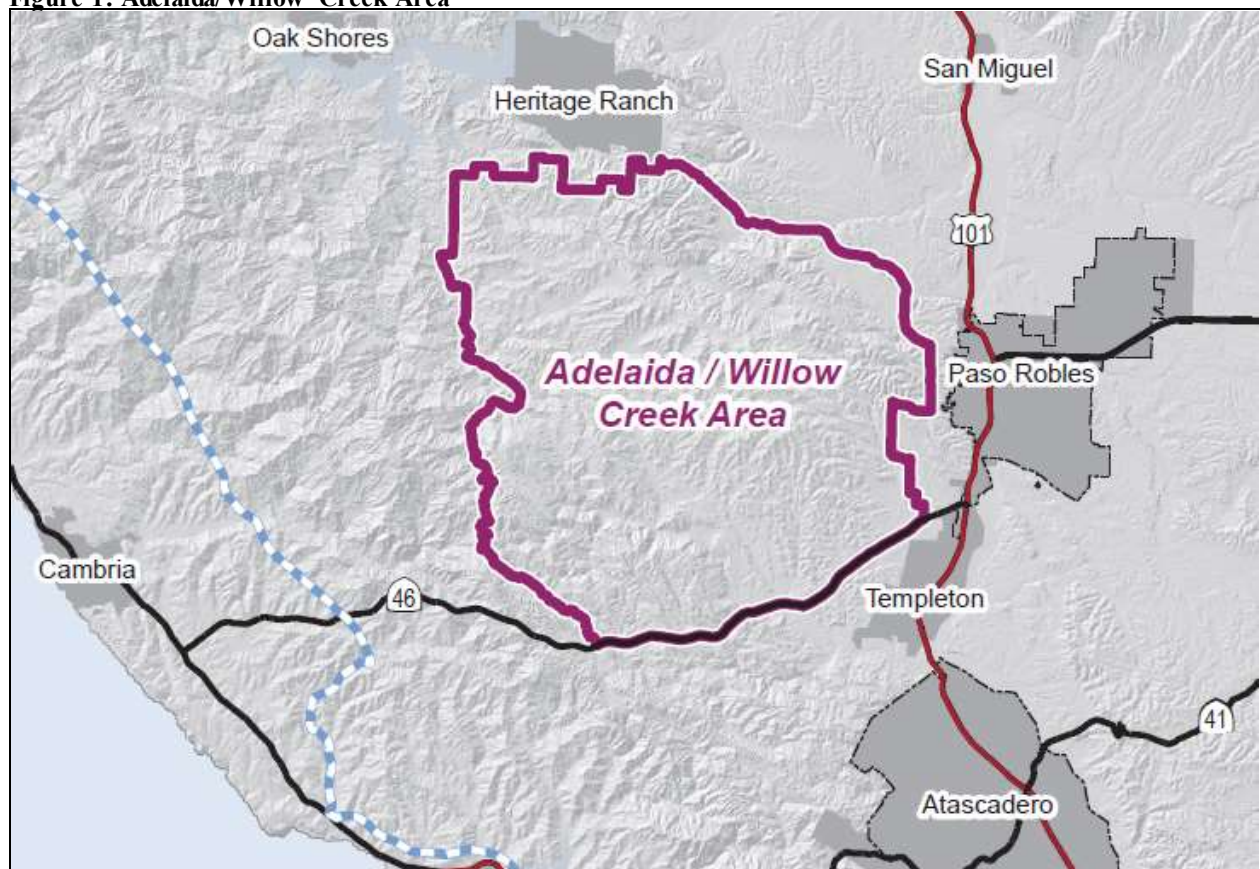
The proposed ordinance amendment would establish new land use standards for residential vacation rentals in the Adelaida/Willow Creek area of the county (see Figure 1, below). This area is an approximately 71,640 acre subset of the larger Adelaida sub-area and is defined by the following boundaries: the Salinas River sub-area boundary to the west; Highway 46 to the south; Santa Rosa Creek Road, Cypress Mountain Road, and Chimney Rock Road to the east; and the Nacimiento sub-area boundary and Nacimiento Lake Drive to the north.

With an average parcel size of 69 acres, this distinctly rural area contains a mix of rural residences, agricultural uses, and tourism-related businesses. At last count, the Adelaida/Willow Creek area contained 51 wineries/tasting rooms, 10 bed and breakfasts, 30 vacation rentals, and another 27 sites advertised as venues for weddings and other temporary events. This concentration of visitor-serving uses has resulted in land use conflicts with the approximately 500 rural residences that are also located in this part of the county.

Vacation rentals in the Adelaida/Willow Creek area have been particularly problematic because, unlike permitted wineries or event venues, they are not subject to any limitations. For example, a permitted winery with an approved special events program would be limited to holding 6 events per year with 80 attendees each and would be subject to a list of conditions of approval to address impacts such as noise, parking, and traffic. However, in the absence of regulations, a vacation rental could hold an unlimited number of events with no attendance cap or any rules to address the associated land use and public safety impacts.

Additionally, while there are only 30 permitted vacation rentals in the Adelaida/Willow Creek area, half of these vacation rentals were established just in the past two years. With 500 homes in the Adelaida/Willow Creek area, there is capacity for significantly more vacation rentals to be established in the future.

**Figure 1: Adelaida/Willow Creek Area**



## Proposal Summary

The proposal involves amendments to three sections of Title 22 (County Land Use Ordinance):

1. Amend Article 8 (Definitions) to add a land use definition for Residential Vacation Rentals.
2. Amend Article 2 (Allowable Land Uses and Permit Requirements) to include Residential Vacation Rentals as an allowable (A2) use subject to Article 4 land use standards.
3. Amend Article 4 (Standards for Specific Land Uses) to include land use standards for Residential Vacation Rentals in the Adelaida/Willow Creek area.

### Amendments to Article 8 (Definitions)

The proposal would add the following land use definition for Residential Vacation Rentals. This definition would apply to the entire inland area of the county. The same definition already exists in Title 23 (Coastal Zone Land Use Ordinance).

*Residential Vacation Rentals: A Residential Vacation Rental is the use of an entire existing residence as a rental for transient use. This definition does not include the single tenancy rental of the entire residence for periods of thirty consecutive days or longer. Rental of a room or portion of an existing residence for less than 30 days is instead subject to Section 22.30.260 (Lodging - Bed and Breakfast Facilities) or Section 22.30.270 (Lodging - Homestays). Rental of a residential vacation rental shall not exceed four individual tenancies per calendar month.*

### Amendments to Article 2 (Allowable Land Uses and Permit Requirements)

Table 2-2 (Allowable Land Uses and Permit Requirements) would be updated to add a new row under the heading “Residential Uses for Residential Vacation Rentals,” which will be an allowable (A2) use subject to specific use standards in Section 22.30.510 in the following land use categories: Agriculture, Rural Lands, Residential Rural, Recreation, Residential Suburban, Residential Single Family, Residential Multi-Family, Office and Professional, and Commercial Retail. This would apply to the entire inland area of the county.

### Amendments to Article 4 (Standards for Specific Land Uses)

The proposed amendments to Article 4 include two subsections:

- a. Permit Requirements – This subsection requires Zoning Clearance, Business License and Transient Occupancy Tax Registration for each Residential Vacation Rental. This applies to the entire inland area of the county and is the same as the Department’s current procedure for authorizing vacation rentals.
- b. Adelaida/Willow Creek Area – This subsection establishes new land use regulations for residential vacation rentals for the Adelaida/Willow Creek Area only, except for parcels with direct primary access on Highway 46.

This is the part of the proposal that would establish new rules for vacation rentals in the Adelaida/Willow Creek area. These new rules would address the following issues relative to vacation rentals: location, temporary events, maximum occupancy, parking, signage, appearance, noise, enforcement and complaint procedures, neighborhood notification, right-to-farm disclosure, and effect on existing vacation rentals.

### **Key Standards**

The goals of the proposed ordinance include: 1) protect public health and safety, 2) preserve the rural residential and agrarian character of the Adelaida/Willow Creek area, and 3) to help preserve the County’s permanent housing stock.

The following describes key standards of the ordinance and how they will implement these goals:

- Location (b.ii) – By restricting the location of vacation rentals to properties at least 1,500 feet from existing vacation rentals, this standard has the effect of limiting the overall number and intensity of residential vacation rentals in the Adelaida/Willow Creek area. This preserves the rural residential character of the overall area and protects the County's permanent housing supply from conversion to vacation rentals.
- Temporary Events (b-iii) – This standard expressly prohibits temporary events at vacation rentals (unless required permits are first obtained) and gives existing vacation rentals that are holding events 18 months to obtain the required permits. This avoids high intensity commercial uses in the rural residential Adelaida/Willow Creek area unless proper permits are obtained to address associated impacts.
- Maximum Overnight Occupancy (b-iv) – This standard limits the number of overnight guests consistent with available onsite parking but to no more than two persons per bedroom plus two additional persons. The purpose of this standard is to require occupancy of a vacation rental to be in line with expectations for a single family house.
- Maximum Number of Guests and Daytime Visitors (b-v) – This standard limits the number of guests and daytime visitors to 6 people (in addition to overnight guests), but to no more than a total of 18. This standard essentially establishes the threshold for when a private party becomes a commercial temporary event.
- Number and type of dwellings allowed as vacation rentals (b-vi) – This standard states that only one vacation rental shall be established on any single parcel. The purpose of this standard is to avoid the use of residential and agricultural parcels as commercial lodging establishments with multiple rentals. This standard also protects the County's supply of affordable housing by prohibiting the use of farmworker housing as a vacation rental.
- Appearance, visibility and location (b-vii) – This standard requires vacation rentals to appear the same as a residence. The purpose of this standard is to preserve the residential character of the area.
- Signs (b-viii) – This standard prohibits advertising vacation rentals with onsite signs. The purpose of this standard is to preserve the residential character of the area.
- Noise (b-x) – This standard requires vacation rentals to comply with the noise ordinance and establishes a threshold for a noise disturbance of any noise audible from a distance of 50 feet from the property lines of the rental property. This threshold was established to allow for an evaluation of noise disturbances without a noise meter.
- Local contact person (b-xi) – This standard requires vacation rental owners to send 24 hour local contact information to all neighbors within a 1,500 foot radius so neighbors can attempt to resolve issues directly with the property manager before filing complaints with the County.
- Transient Occupancy Tax (b-xii) – This standard requires vacation rentals to obtain a TOT certificate. This is already a requirement for vacation rentals.
- Right to Farm Disclosure (b-xiii) – This standard is intended to protect agriculture by requiring rental agreements to include a right to farm disclosure so tenants are made

aware that they could be inconvenienced by light, noise, dust, pesticide spray, etc. associated with adjacent agricultural operations.

- Effect on existing residential vacation rentals (b-xiv) – This standard states that all existing vacation rentals will be subject to the ordinance except for the location requirement (as long as they obtain Zoning Clearance approval with 120 days).

## **PUBLIC AND STAKEHOLDER COMMENTS**

The Department released a public review draft of the Adelaida Vacation Rental Ordinance on July 28, 2016. The public review draft was sent to a wide range of stakeholder groups and individuals, including those who were on the Inland Vacation Rental Ordinance interested parties list.

The Department received a total of 19 comment letters and emails on the Adelaida Vacation Rental Ordinance. About two-thirds (13) of the responses were in support of increased land use regulations for vacation rentals. These responses either supported the ordinance as proposed or recommended more strict regulations. The remaining comments were generally opposed to increased land use regulations for vacation rentals.

All comments received are attached to this staff report. The following summarizes the major themes of the comments with staff's responses.

### **Comments in opposition to new vacation rental regulations:**

- *The tenancy limit (4 per month) is too restrictive.*

Staff response: The purpose of the ordinance is to ensure that vacation rentals operate similar to single family homes, rather than commercial lodging. The proposed tenancy limit (4 tenancies per month) is to encourage longer stays and minimize visitor turnover in residential neighborhoods. Increasing this limit would result in vacation rentals that operate more like a hotel or motel with a constant flow of new visitors coming for short stays, which is not consistent with the expectations of a residential neighborhood.

- *The 1,500-foot location requirement is not appropriate or necessary in a rural area with large parcels.*

Staff response: The primary purpose of the 1,500-foot location requirement is to limit the density of vacation rentals and associated impacts in residential neighborhoods and rural areas. The location standard will also help maintain the rural residential character of the Adelaida/Willow Creek area by ensuring that vacation rentals do not become the dominant land use. Although this area is mostly designated Agriculture, it contains approximately 500 homes and has a distinct rural residential character. If the current trend continues and many of these homes are converted to vacation rentals, the overall character of the neighborhood could change to a primarily commercial visitor-serving area.

While 1,500 feet is significantly greater than the distance limitation in Avila Beach (50 feet), Cambria (200 feet), and Cayucos (100 feet), when considering the large parcel sizes in the Adelaida/Willow Creek area, in most cases it would only affect the adjacent parcels. The average parcel size in this area is about 70 acres. A square 70-acre parcel

would have dimensions of 1,750 feet on each side. This means, on average, the location standard would only affect parcels immediately adjacent to existing vacation rental properties.

Since the location standard limits the overall number of homes that can be used as vacation rentals, it also has the effect of preserving the supply of long-term rental housing. Without a density restriction, vacation rentals have the potential to significantly diminish the long-term housing supply since they are generally more profitable for landowners.

The location standard would not be applied to vacation rentals existing as of the adoption date of the ordinance.

- *The proposed restrictions are overly severe and will reduce income for landowners and negatively impact the tourism economy.*

Staff Response: While the proposed ordinance would establish some operational parameters for vacation rentals, the process for obtaining a vacation rental license wouldn't significantly change. The proposed ordinance would require a Zoning Clearance, Business License, and TOT certificate for a new vacation rental, which is consistent with the Department's current permitting procedure for vacation rentals. The only additional requirements would be evidence of neighborhood notification (local contact information to neighbors within 1,500 feet) and a floor plan and site plan to determine applicable parking and occupancy requirements.

The overall purpose of the ordinance is to limit commercial activities that could negatively impact adjacent rural residences. Placing limits on commercial activity will inevitably affect income for some landowners. However, the proposed ordinance would not have widespread impacts on the local tourism economy as it would not affect the majority of visitor-serving uses (wineries, tasting rooms, bed and breakfasts, and legally established events venues) in the Adelaida/Willow Creek area. In addition, the ordinance would allow all existing vacation rentals in the area to continue operating, only with added regulations to preserve the rural character of the area and protect public health and safety. Vacation rentals holding temporary events would have 18 months to obtain the necessary permits to legally operate.

- *No evidence or studies are available to show that vacation rentals negatively impact the Adelaida area. Wineries have a greater impact on the area than vacation rentals.*

Staff response: Code Enforcement receives regular complaints from residents who are concerned about the effects of unregulated vacation rentals in the Adelaida/Willow Creek area. The Department is also aware of health and safety issues associated with vacation rentals in the Adelaida/Willow Creek area. Some of these concerns are listed below:

- Traffic safety – A vacation rental is considered a residential use and should generate about the same amount of traffic as a typical single family home. However, some vacation rentals in the Adelaida/Willow Creek area hold frequent commercial events (e.g. weddings, reunions, etc.) that generate significant visitor traffic in an area with steep, narrow, and curved roadways. Since there are no land use regulations for vacation rentals, there is no limit to the number or size of “private parties” that can be held and no process for evaluating traffic safety. In



contrast, wineries and legally permitted event venues require minor use permit approval, which involves a roadway safety analysis, limitations on the size and number of events, and other restrictions.

- Noise – The Adelaida/Willow Creek area is a rural area with low ambient noise levels and steep canyons that can magnify loud noise sources. Since vacation rentals are allowed “private parties” of any size and without any conditions to limit amplified music, they can significantly increase noise levels and negatively impact the quiet rural setting.
  - Off-site parking – Parking for “private parties” at vacation rentals can overflow on narrow streets resulting in traffic and pedestrian safety concerns.
  - Building safety – Some vacation rentals in the Adelaida/Willow Creek area are known to use agricultural buildings for public assembly related to weddings and other events. Often times these buildings are not permitted for public assembly, have not been inspected for fire or building code compliance, and lack accessibility improvements.
  - Neighborhood character – Without limits on the number of allowed tenancies or temporary events, vacation rentals in the Adelaida/Willow Creek area can operate like commercial lodging establishments and temporary event venues. This changes the character of the area from rural residential to commercial/visitor-serving and affects the quality of life for fulltime residents who experience the impacts of neighboring vacation rentals.
- *The Adelaida/Willow Creek area shouldn't be singled out.*

Staff response: While vacation rentals raise land use compatibility concerns in many parts of the county, the Adelaida/Willow Creek area is unique because of the existing concentration of visitor-serving uses, distinct rural character, and lack of resources and infrastructure to support an influx of unregulated vacation rentals. This is also the area where the Department has received the most complaints about vacation rentals operating as temporary event venues.

The Board of Supervisors has also authorized an Inland Vacation Rental Ordinance, which would apply to the entire inland part of the county.

- *Why are wineries excluded from the draft ordinance when they are generating the most visitors and causing the most impacts in the area?*

Staff response: There is already a winery ordinance in place to address neighborhood compatibility and health and safety impacts associated with new wineries and tasting rooms. All winery projects require minor use permit approval, including Cal Fire, Public Works, and Building Division review, and must provide technical reports evaluating roadway safety and noise impacts. Wineries are limited to a maximum of six special events with up to 80 people each (in addition to industry wide events), unless a greater number of events is authorized through conditional use permit approval. Vacation rentals, on the other hand, are able to hold unlimited “private parties” without any rules to address health, safety, or land use compatibility impacts.

**Comments in support of new vacation rental regulations:**

- *The ordinance should prohibit temporary events in the Adelaida/Willow Creek area.*

Staff response: The proposed ordinance is not intended to regulate temporary events. As with wineries, existing land use regulations are in place to address the health, safety, and land use compatibility impacts of temporary event venues.

Land Use Ordinance Section 22.30.610 (Temporary Events) allows for temporary events subject to minor use permit approval. Event venues would be subject to agency review and would be required to submit technical studies evaluating traffic safety and noise impacts. The events ordinance also requires proposed event venues to have secondary access approved by Cal Fire.

- *Existing event venues should be required to request land use permits within 6 months (rather than 18 months as proposed).*

Staff response: The 18 month time limit to apply for permits is consistent with what the County required for past ordinances (specifically, the olive oil processing ordinance). This would give vacation rentals sufficient time to honor existing contracts for “private parties.”

- *Levels of overnight and guest occupancy in the draft ordinance should be adopted.*

Staff response: The proposed ordinance would limit overnight and guest occupancy as described above (see Key Standards b-iv and b-v).

- *Enforcement protocols should be strengthened*

Staff response: The proposed enforcement protocols have been successfully implemented in the Coastal Zone.

The primary issue with enforcement is the lack of any land use regulations to enforce for vacation rentals. The proposed ordinance would establish a regulation framework for vacation rentals in the Adelaida/Willow Creek area.

In addition, the County recently entered into a contract with a consultant (Host Compliance) which will assist in identifying vacation rentals that are unlicensed or not paying TOT.

- *On-site parking should be confined to graveled areas designated for parking. The areas should be free of vegetation and of a size to accommodate the maximum number of vehicles that might be on site at any time.*

Staff response: With the proposed limit on overnight guests and day time visitors, no more than 18 people would be allowed to occupy a vacation rental property in the Adelaida/Willow Creek area. Assuming 2.5 people per vehicle, this translates to about 7 vehicles. Most parcels in the Adelaida/Willow Creek (where the average parcel size is 69 acres) have sufficient area to safely park 7 vehicles on site.

- *The ordinance should require that each property have its address easily visible from the street and that driveway right-of-way ingress and line of sight in both directions at the*

*street be sufficient to minimize the potential for accidents when entering and leaving the property.*

Staff response: The public hearing draft of the proposed ordinance includes a requirement that the address for each residential vacation rental be posted and clearly visible from the main access road. Since the proposed ordinance limits overnight guests and daytime visitors, vacation rentals would not generate significantly more traffic than a typical rural residence. Any vacation rental that intends to hold temporary events (i.e. have more than 18 total guests) would be required to obtain minor use permit approval (pursuant to the temporary events ordinance) and as part of the review process would have to submit a roadway safety analysis, which would include a sight distance study.

- *The ordinance should require owners to maintain the appearance or upkeep of the property.*

Staff response: 22.30.510(b)(vii) would require that vacation rentals remain residential in appearance. Vacation rentals would be subject to the same property maintenance standards as any other land use. The Department is not aware of any significant problems regarding property maintenance of vacation rentals in the Adelaida/Willow Creek area.

#### **Farm Bureau Comments:**

In a letter dated August 24, 2016, the San Luis Obispo County Farm Bureau made the following comments relative to the proposed ordinance:

- 1) *In Subsection b (vi), Farm Bureau recommends deleting "...and the owner must occupy one of the units as his or her primary residence as required by Section 22.30.470 (Residential – Secondary Dwellings)". This would become an issue when perhaps a ranch manager or caretaker resides on the property (not the owner). Additionally, some agriculturalists' operations are located on more than one property, and the property owner does not reside on the same property as the proposed vacation rental.*

Staff response: For secondary dwellings, existing land use regulations (22.30.470) require the landowner to occupy either the secondary or primary dwelling. Agricultural parcel at least 20 acres in size are allowed to have two primary dwellings, both of which could be rented out under existing regulations. This means a ranch manager could occupy one of the primary dwellings, while the other is used as a vacation rental.

- 2) *In Subsection b (ii), Farm Bureau recommends changing the proposed 1,500' radius of the property line to 50'. The draft ordinance pertains solely to vacation rentals, with strict guidelines much the same as motels and other lodging. Vacation rentals that wish to conduct temporary events are still bound by the County's temporary events ordinance (Section 22.30.610).*

Staff response: As described above, because of large parcel sizes in the Adelaida/Willow Creek area, the 1,500-foot limit would only affect immediately adjacent parcels in most cases. The distance limitation not only minimizes the concentration of commercial lodging in rural and agricultural areas, it also has the effect of preserving permanent housing stock in the county.

- 3) *Farm Bureau also recommends that language be added to the draft ordinance, which allows vacation rentals to operate on properties under the Williamson Act (contingent*

*upon the outcome of the APRC's meeting on September 12, 2016 with regards to whether or not vacation rentals should be allowed on Williamson Act properties).*

Staff response: Currently vacation rentals are not listed as a use group in the County's Rules of Procedure to Implement the Land Conservation Act of 1965. As a result, vacation rentals are not presently allowed on Williamson Act properties.

This issue was first presented to the Agricultural Preserve Review Committee (APRC) in March 2016, when staff asked APRC to review the draft Inland Vacation Rental Ordinance. The draft Inland Vacation Rental Ordinance included a standard that expressly prohibited vacation rentals on Williamson Act contract land. This standard was partly in response to a letter from the State Department of Conservation that stated vacation rentals are not a compatible use on Williamson Act land unless they are directly related to the agricultural use of the property.

APRC discussed this and related land use issues at length and continued the item to June 20, 2016. At that meeting, staff presented additional information to the APRC and after a robust discussion the item was continued again to the September 12, 2016 meeting. At the September meeting Committee members were polled in a "straw vote" and indicated a desire to allow some form of short term residential rental on Williamson Act contracted land.

The APRC requested staff return to the next APRC meeting (October 3, 2016) to outline standards and review criteria for vacation rentals on Williamson Act contract land.

Staff's recommendation to the APRC is to amend the Rules of Procedure to allow Residential Vacation Rentals as an allowed use on Williamson Act land subject to the following standards:

- a) Properties must be in compliance with the provisions of their contracts and have current and ongoing agricultural use as required by the Williamson Act.
- b) Residential vacation rental units must have onsite resident manager and be incidental to and in support of the primary agricultural land use and consistent with the 3 Principles of Compatibility in the Williamson Act [Government Code Section 51238.1.(a) through (c)].
- c) One Residential Vacation Rental is allowed per land conservation contract. A Residential Vacation Rental is not allowed in addition to a Bed and Breakfast (one or the other but not both). Farm Support Quarters cannot be used for Residential Vacation Rentals.
- d) Guest occupancy (including private parties) is limited to a maximum of 12 overnight guests with the total daytime guests and visitors not to exceed 18 people, excluding children under 5 years of age.
- e) Temporary events are not allowed unless authorized under the appropriate land use permit as required by the respective Land Use Ordinance (Title 22 or Title 23).

This staff report was turned in before the October 3, 2016 APRC meeting. Staff will report on the outcome of the APRC meeting at the October 13, 2016 Planning Commission hearing.

An amendment to the Rules of Procedure would be processed the same as a land use ordinance amendment, with hearings before the Planning Commission and Board of Supervisors. This item would come before your Commission at a future date.

### **COMMUNITY ADVISORY GROUP COMMENTS**

The Templeton Area Advisory Group (TAAG) reviewed the draft ordinance on August 22, 2016 and unanimously recommended approval.

### **ATTACHMENTS**

- Attachment 1 – Exhibit A - LRP2015-00017 Findings
- Attachment 2 – Exhibit B – Residential Vacation Rental Ordinance Public Hearing Draft
- Attachment 3 – Exhibit C – Proposed Ordinance
- Attachment 4 – Correspondence Received